



## Rural Jobs and Economic Growth Roundtable

Thursday, Jan. 14, 2010

Jackson, Tennessee

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### Co-hosted by

Bobby M. Goode, Tennessee State Director, USDA Rural Development (facilitator)  
Gene Davidson, Tennessee State Executive Director, USDA Farm Service Agency

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### Participants

The complete list of Roundtable participants and additional contributors to this report is available online [www.rurdev.usda.gov/tn/JobsForumParticipantList.pdf](http://www.rurdev.usda.gov/tn/JobsForumParticipantList.pdf)

### Tennessee Economic Overview

By Mark Chandler, Tennessee Career Center, Jackson

West Tennessee has been disproportionately hard hit by the economic downturn. Every county in the region has an unemployment rate that has stayed above 10 percent with more than 25 counties still averaging greater than 13 percent. The non-agricultural employment growth rate dropped to a new low of -4 percent for 2009. Since the recession began at the end of 2007, Tennessee has lost almost 160,000 jobs. The one bright spot has been education and healthcare that grew at a rate of 6.9 percent last year.

[www.rurdev.usda.gov/tn/Chandler-PowerPoint.pdf](http://www.rurdev.usda.gov/tn/Chandler-PowerPoint.pdf)

### West Tennessee Opportunities

By Dr. Jack Laser, Jackson State Community College

Each manufacturing job supports as many as four additional jobs. Tennessee is well situated for business, geographically and has a moderate climate, low cost of living, low taxes, well developed highway transportation infrastructure, and is highly ranked for overall business climate. There are 18 major automobile manufacturing plants within about 300 hundred miles. However the existing workforce lacks critical skills. Well trained workforce is an incentive for businesses to locate here, and helps existing businesses expand. Nearly 2/3 of new jobs come from existing businesses.

[www.rurdev.usda.gov/tn/Laser-PowerPoint.pdf](http://www.rurdev.usda.gov/tn/Laser-PowerPoint.pdf)

### The Rural Digital Factory Network

By Paul Van Hoesen, Director, cTechnology

This initiative was discussed during the event. Report submitted post event.

[www.rurdev.usda.gov/tn/Digital-Factory-Summary.pdf](http://www.rurdev.usda.gov/tn/Digital-Factory-Summary.pdf)

# Summary of participant responses to questions discussed at the roundtable

## What business sectors are thriving, expanding and hiring in your community?

- Large manufacturers in certain sectors, i.e. Goodyear, Unilever, Carlisle are expanding and some are rehiring. Medical Devices (Medtronic, Smith Nephew, Wright Medical and soon, Surface Dynamics) are also doing well.
- IT sector and skilled professional service providers like CPA's, attorneys, healthcare providers (nurses) are doing well.
- Retailers and restaurants are doing better after higher than expected holiday sales.
- Food production, distribution and services are expanding. Supported by large producers like Pinnacle Foods, and Proctor & Gamble.
- Kilgore Flare ammunition and defense related industries are doing well.
- New Toyota plant in north Mississippi brings potential for tier 2 and tier 3 suppliers. This is a volatile industry, but a wide range of international companies are settling in the southeast.
- Healthcare is still doing well. This is in part due to the University of Tennessee Health Science Center at Memphis expanding services to clinics and small rural hospitals.
- Engineering and some entrepreneurship supported by national labs in Oak Ridge, Tullahoma and Huntsville, AL.
- Alternative energy production is still growing, i.e. Sharp Memphis, is expanding solar panel manufacturing operations to meet increased demand created by federal and state renewable energy initiatives. In Clarksville, Hemlock Semiconductor is building a polysilicon production facility for solar-electric panels. In Kingsport, AGC Flat Glass manufactures glass for solar electric panels. Wacker Chemie AG is building a plant to manufacture the basic material used in solar-electric cells. In Chattanooga Aerisyn Energy builds components for power generating wind turbines. Outside Knoxville, University of Tennessee and DuPont Danisco Cellulosic are building a pilot facility to produce biofuel ethanol from nonfood sources. Nissan North American has announced it will produce an all-electric, zero-emissions automobile, the Leaf, in Smyrna.
- The state is focused on developing and attracting clean energy technologies and has developed resources to promote these industries.  
[www.tennesseeanytime.org/energy](http://www.tennesseeanytime.org/energy)  
And [www.utbioenergy.org](http://www.utbioenergy.org).

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## What sectors are not working? What businesses have been hit the hardest?

- Thyssen Krupp (i.e. Dover Elevator) has suffered sizeable layoffs even after a major plant expansion.
- Automotive retail has been especially hard hit in rural communities where volume was lower. Used car sales have been stronger.
- Manufacturing in general, excluding specialty industry (see Tennessee Economic Overview by Chandler, link above).
- Housing and construction sectors are down dramatically.

- Public Sector – mental health, municipals, school systems, and State government are all belt tightening and in many cases laying off workers or delaying new hires due to dramatic decreases in tax revenue.
- The state universities lost 27 percent of their budgets, despite increased enrollment. Pressure is increasing to provide more training and retraining for displaced workers and retirees re-entering the workforce.
- Most of the new “green jobs” are being created near metropolitan or micro-politan areas. More emphasis needs to be placed on helping rural communities benefit from the spillover industries and services, other than through commuting.
- The nursery industry, primarily in middle Tennessee, has been severely hurt by the drop in demand for landscaping plants and trees.

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**What are the opportunities for growth in your community? What are the “jobs of the future” in your community? What sectors seem poised to rebound?**

- Tier two- and three-tier suppliers for two Toyota plants in north Alabama and Mississippi. Tier three plants for Volkswagen plant being built in Chattanooga.
- The new industrial “Megasite” in Haywood County has great potential as the infrastructure is completed. With the State and Tennessee Valley Authority partnering to build the solar farm at the Megasite, increased attention and other energy-related “green” companies will continue to be attracted to the region.
- Tennessee is still a major center for medical equipment suppliers and pharmaceutical manufacturers.
- Regional tourism is growing as families look for vacation opportunities closer to home. Partly as a result, and because of the moderate climate, more “half-backs”, retirees originally from the northeast who moved to Florida, are now settling in several regions of Tennessee where they can take advantage of low taxes, good services and still enjoy four seasons. This expands the pool of skilled workers, but also brings increased demands on services, especially healthcare.
- Skilled trades (maintenance workers, plumbers, carpenters, welders, electricians, HVAC...).
- The improvement to our rural broadband infrastructure is expanding opportunities for skilled workers to secure good paying “on line” jobs in rural communities. The Vision Perry Center model for a “Digital Factory”, if distributed throughout Tennessee’s 90 rural counties, could create as many jobs as a mega industrial site. **See details in the written submission from Paul Van Hoesen**, link above.
- Agri-business has huge potential for growth in West Tennessee and other parts of the states. We need to create vehicles in these regions that help producers and our sophisticated distribution networks, especially encouraging partnerships between farmers and entrepreneurs who add value before the sale. There is also great potential to increase commodity exports.
- Port of Cates Landing (slack water port and industrial park)
  - Located in county with lowest per capita income in the state.
  - Regional effort of 3 counties.
  - Need assistance with infrastructure (natural gas lines particularly).
  - Potential to create hundreds of direct jobs and hundreds more in indirect jobs.
  - Potential to extend the Foreign Trade Zone (FTZ) in Memphis to the Port, so all of West Tennessee could benefit from industry located in a FTZ.

- Potential to create multi-modal/intermodal opportunities – port on Mississippi River, new I-69, expanded Everett-Stewart Airport, etc.
- “Survival entrepreneurship” has likely increased dramatically during the recession. We need to identify and help these new businesses grow and thrive as the economy recovers.

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### **What are the obstacles to job creation in your community? What could help local businesses be more likely to start hiring?**

- Mindset that we need big-companies instead of many smaller companies (diversification).
- Economic uncertainty – increases the natural resistance to change and a hesitation to innovate among established businesses.
- Economic stability – many small businesses are delaying hiring and investment decisions because of the uncertain economy and uncertain regulatory environment right now. Government needs to help provide greater predictability to inspire some confidence in future for small business owners.
- Infrastructure improvements – are needed in most rural towns and cities so they can compete with urban industrial parks and incentives that siphon off rural jobs to the big cities.
  - Focus should be on new infrastructure, not repairs to existing. Local jurisdictions should take care of repairs.
  - New construction creates immediate job opportunities while the building occurs and long term opportunities for business growth, creating additional private-sector jobs by A. increasing access to larger labor market and B. lowering transportation and related costs.
- More public/private partnerships – are needed to support growth industries locating in rural communities. The focus needs to be on using our geographic location as a natural advantage. And we need to be preparing specifically to take advantage of major solar voltaic and auto parts manufacturers moving or expanding operations in the region.
- Green jobs training and other incentives – are needed to encourage more families and small businesses to install solar voltaic panels. We have lots of vacant rooftops that could be used to better distribute power production, lowering energy cost and increasing business competitiveness.
- Need more job opportunities for “trailing spouses” to attract and keep higher-skilled workers.
- We need a workforce recognized as “trained and ready,” but our universities and technology schools are already operating at capacity and state funding is shrinking.
- Funding is needed for regional assessments of underemployed, unemployed, over-employed people in the workforce so better decisions can be made by state and local economic developers.
- Need to better “connect the dots” between education, technology, and economic development. The Southwest Tennessee Educational Pathways/Regional Economic Development Initiative (STEP/REDI) programs can help meet these needs if adequate funding is available to increase their capacity to meet local demand.
- Entrepreneurial resources are needed in rural areas – from simple “How to run a business” education for startups to shared resources like the Digital Factories (see link at top) and community kitchens.

- Mandatory health insurance schemes – are a challenge for small businesses in particular. In Tennessee 93 percent of jobs are created by small businesses, so the impact of even modest additional regulatory mandates can have a tremendous impact in the number of people with jobs.
- Cap and Trade programs – and other legislation raising the cost of energy have the potential to drastically drive up production costs for manufacturers and consumers. Higher energy costs inhibit job growth.
- Rural investment capital inhibited by banking regulations – small rural banks are governed by the same regulations as larger, corporate banks, which creates unnecessary challenges and strangles investment capital for rural businesses.
- The regulatory environment for businesses and households needs to be more transparent, understandable and focused on sustainability.

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**Are there specific changes to USDA programs or regulations that could make us more effective in helping you strengthen local business infrastructure or help business directly? What innovations should we consider to increase economic opportunity in rural areas?**

- Maintain funding levels for the rural business loan guarantee program. It's starting to pick up and will continue to be needed.
- Improve responsiveness and reduce the time it takes to make it through the application process for federal assistance (loans and grants).
- Reduce or remove fees for USDA Business and Industry loan origination.
- Rural Development funded Relending Programs through the electric cooperatives are a critical source of investment capital for small businesses.
- Partner with state and other federal agencies to better leverage investments.
- Streamline application and reporting processes between agencies. Increase predictability; decrease the time it takes to learn how to ask for help from the government.
- Do not forget rural West Tennessee and parts of the mid state are still heavily reliant on agriculture. Reduce regulation (red tape) required for farm programs. Farmers, especially small- and family-, need to be growing things, not doing paperwork.
- Production farmers are vital in the new economy – each community need farmers' contributions to communities. When they prosper, the whole community prospers.
- Focus on programs and incentives to assist young and new farmers.
- Remember that farmers are "price takers" not "price setters".
- Increase resources to help agriculture producers benefit from technology, using it to improve yields and as a way of adding value to crops. These raise the bottom line for producers of all sizes and keep the money working in the community.
- Federal and state broadband programs are not yet generating appreciable competition in most rural areas.
- Continue to fund the Rural Energy for America Program (REAP). It helps existing businesses, and encourages entrepreneurs to start a wide range of production and support businesses as well.
- Matching requirements need to be reassessed, especially where the intended recipients are organizations and individuals with historically limited resources.
- Improve the ability of business programs to respond quickly to the needs of smaller businesses, particularly in the area of small and micro-loans.

- Loosen job-creation requirements for new loans in favor of more emphasis on job retention and rehiring.

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#### **What other issues and ideas should the President consider?**

- After the stimulus is used up, what is going to happen, especially in the highest unemployment counties?
- Transportation infrastructure needs to be improved at a faster rate.
  - I-69 needs to be completed to improve regional north/south transportation.
  - I-40 needs to be expanded to accommodate the volume of trucks using the east/west corridor.
  - Funding for improvements/expansion of Port of Cates Landing because of the great potential it has to create jobs and business opportunities in a very economically distressed area.
- There are two major paths through Rural America. Agriculture most likely remains the largest income sector in much of the rural economy. However, it is also one of the smaller employment sectors. These sectors need not be competitors.
- Job readiness is directly related to K-12 education. One way to improve effectiveness and accountability would be to have teachers stay with students more than one year, so problems cannot just be passed on to another teacher.
- Public funding is needed for paid internships in the trades.
- Federal agencies like USDA should be assessed and re-focused on programs that foster economic development by empowering communities to work locally and regionally towards a sustainable economy.
- There needs to be better coordination between programs provided by federal agencies, like Department of Commerce, Small Business Administration and USDA.

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